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THE GLOBAL ECONOMY AND HIGHER EDUCATION

by

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THE GLOBAL ECONOMY AND HIGHER EDUCATION

Sven Groennings

Internationalizing the undergraduate curriculum has become a high priority for colleges and universities across the country.

It will be my thesis that this is a challenge whose most powerful causes have become economic, and that the challenge must in part be met by ensuring that our students understand the global economy.

When we adjust the curriculum, we will validate a theory lightheartedly borrowed, with adaptation, from geophysics. This is the plate tectonics theory of curricular change: the earth moves, the curriculum responds. Today the global economic tremors are very powerful and will affect everyone. If the curriculum fails to respond, it will suffer shortcomings of relevance, which is a salient determinant of educational quality.

Higher education responded to early great tremors. Our [redacted] colleges and universities are themselves responses to external change, and they in turn have adjusted to changes in society, the economy, technology and national needs, for example those associated with the industrial revolution, the returning veterans, the demand for access to higher education, and the implications of Sputnik, whose symbolic successor is Toyota.

Nearly a century ago, Senator Justin Morrill of Vermont, author of the Morrill Act which created the unique American system of land-grant colleges and universities, recognized the international relevance of the new public universities system: [redacted]

> "Our artisans are to contend with the skill and wealth of many nations, and our farmers are sorely pressed by the competition of agricultural products which change and rapid communication pushes to the front in all markets both at home and abroad. To successfully withstand this formidable rivalry, our countrymen need . . . that fundamental instruction which is founded on the widest and best experiences of mankind."

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Today we face a comparable challenge, and again its roots are economic. It is a far broader challenge than that which we faced in the era of Justin Morrill. Morrill spoke of "competition .... in all markets, both at home and abroad." He understood that we faced global competition and a world market which included the American market. For us as consumers, very visibly, the world market is not only in Tokyo and London, but also very much in Boston and Minneapolis. According to the U.S. Department of Commerce, 80% of all American made goods now face international competition, either at home or abroad.

The American economy is becoming increasingly connected to international markets and investment while also becoming knowledge-intensive, producing high technology goods in international competition and providing sophisticated services internationally. These are major changes in dimension and in kind. They are at the cutting edges of economic development, and they are being shaped within a broader global economy.

This new global economy is different from the economy Justin Morrill knew in fundamental ways. The difference is not only quantitative, reflected in the accelerating internationalization of business and enormously increased trade with Asia. It is also systemic, as operations have become global. Perhaps a third of U.S. trade moves between members of the same firm; the foreign and domestic divisions of the same corporation ship to one another. Our firms manufacture components overseas in order to be competitive, and manufacturing requirements involve our engineers in technology transfer across cultures. Marketing has become global, as one can see in airline, hotel chain, banking, advertising and accounting firm activities, quite aside from the selling of manufactured and

agricultural products abroad. Finance has become global, financial flows across borders have become enormous, and financing of new operations may be obtained in several countries. Foreign subsidiaries have become common in all major market economies: New England alone, with only 5.3% of the U.S. population, is home to 1,500; there are another 1,000 in New Jersey.

It is a characteristic of the global economy that firms based in different countries seek working relationships with one another in order to enhance capabilities for global competition, and so almost daily we read about transnational joint ventures, marketing agreements, mergers, acquisitions, licensing arrangements, supply agreements and production arrangements. It follows that corporate management in general, beyond the traditional export division, faces new complexity: negotiation of transnational agreements, coordination of marketing, production and other activities among subsidiaries of and partners in other countries, and international personnel management.

Strategic thinking necessarily is evolving toward an integrated view of domestic and foreign operations and markets. Management must watch the competition in a global context and deal with foreign governments.

This said, my point is very simple: we are operating in a new business system, and the global economy of which we are a part is based on new ways of managing and thinking.

Now for a parallel thought: our economy, which is increasingly based on high tech and services, is also knowledge-based. Our comparative advantage in the global economy is based on innovative productivity, technical skills and high levels of knowledge. Newly industrialized countries can master routines and make wonderful products at low cost. In contrast, our competitive base is in new products and therefore in innovative thinking, research and development, and, also necessarily, in dealing competently cross-culturally.

Thus in the knowledge based economy which is also global, the role of our universities and colleges emerges as an underpinning of competitiveness. Higher education becomes the key to our prosperity and to our ability to earn enough to pay for our national defense and public services. It is higher education that is our bedrock in preparing our scientists and engineers, as well as our managers for the global economy. It is also a function of higher education to ensure citizen understanding of the global economic system which is creating vulnerabilities as well as opportunities for our citizens.

Competitiveness as a Problem
for Higher Education

Now let us turn to competitiveness as a problem and the role of higher education in improving our position. Higher education gained a responsibility for the improvement and competitiveness of agriculture in the era of Justin Morrill. We have an even bigger responsibility today.

In 1986 the United States trade deficit was $156.2 billion, a record deficit in a series of record deficits. This country has retrogressed from being the world's largest creditor nation to being the world's leading debtor country. By 1990 the United States may owe foreigners as much as $700 billion.

When our competitiveness declines, we all suffer. Some people lose jobs. At the level of the national interest, major economic imbalances change international relationships and erode our capacity for leadership internationally. The essence of the situation is that competitiveness is becoming America's leading problem. It is a long-term problem requiring long-term strategies; there is no quick fix and no single solution. Overcoming the problem requires an inter-related set of strategic approaches involving all three major sectors: government, business, and higher education. This tripartite responsibility is in accord with the division of blame for America's weak performance: some people blame the rules of the game, some blame our team managers, and some say we need to learn how to play better.

Higher education is, or should be, a major actor: what we can do in the global economy is shaped by what we know. We are competing not only with other economic systems, but also with the learning systems of the economically successful.

Higher education has a stake in the outcome, both broadly and narrowly, in the sense that it draws its revenues from employed families, taxes upon private sector profits, interest from endowment invested in corporations, and donations and research support from corporations. It is also a major element of the economy: New England higher education institutions, for example, have an aggregate budget of $8 billion, with twice that sum additionally in spillover effects such as local spending by students. Higher education is also a generator of the economy, conducting two-thirds of the basic research in the United States and spinning off high technology corporations; MIT alone has spun off hundreds which employ tens of thousands of people, and it is such research and such technologies that are the key to our future economic performance.

Higher education is [redacted] a major global resource. It has expertise about other countries and peoples. It is one of the most globally competitive components of the American economy, a major export sector whose services, contacts and clientele are global.

In contributing to competitiveness, higher education faces two fronts: one technical and the other international. We have been addressing the first, seeking renewal of laboratories and sharply increasing the number of engineering baccalaureates, moving the technical personnel problem to one of Ph.D. production and faculty shortages.

Higher education has not similarly addressed the international dimension. Yet we know that international knowledge is a key factor in the success of our Japanese competitors who by a variety of educational and marketing strategies compensate extraordinarily for [redacted] having a distant location and a language unrelated to that used in any of their overseas markets. We know that the development of foreign markets is necessary for American employment and

productivity, yet also that lack of international knowledge inhibits our ability to increase the number of our firms engaging in export activity. We understand that as the technological prowess of other countries increases, the United States could be less competitive if foreign companies are superior in adapting and interacting internationally. We know that we do better when we speak the languages of our potential customers.

Corporate survey research tells us that we expect the pressure to compete internationally will increase and at the same time that we lack sufficient global perspective and international knowledge to take advantage of existing opportunities. Moreover, while internationalization is increasing, overseas managerial assignments are declining and are expected to continue to decrease, so that the increasingly important international learning function must move from direct experience to higher education.

New England
The [redacted] Survey

How well is higher education doing? What should it be doing? The New England Board of Higher Education asked New England corporate, government and higher education leaders, as part of a survey on New England's economic future: how effective is higher education in preparing us for participation in the global economy? [redacted] 824 [redacted] In understated conclusion, the replies indicate room for improvement.

There was a follow-on question: what are the most important ways in which higher education can prepare our work force for the global economy? The standard answer in various reports has been: train more scientists and engineers. And that came in second. All the leadership groups--corporate, government and higher education--listed in first place: "Design an undergraduate curriculum that ensures understanding of a global economy." That is stunning, not only because it is new, but also because it is not happening anywhere.

Now, two more questions for us to ponder: where is international education headed as a field? And, what is actually happening on the campuses and why?

International Education: Changing Field

American higher education was not very international until after World War II. It became increasingly international as the United States became a world power, as faculties focused on world problems, and as literally millions of foreign students came to our campuses. Enrollment expansion from two million to twelve million across the forty years made it possible to expand the curriculum and greatly increase international offerings.

The post war framework was not the global economy. The concerns were to develop the expertise that a world power needed for relations with new countries and in the context of the global political-military confrontation. We developed a triad of federal programs, all important for our faculty development. All are enduringly important and all focus on expertise, not undergraduate education. The Fulbright Program, originally funded by sales of overseas military equipment, focuses on expert knowledge. Area studies programs, [redacted] for which funding authorization was first provided under the National Defense Education Act, creates expertise. AID'S technical assistance programs, which grew in response to President Truman's Point Four, provides expertise to other countries. These programs function primarily at the doctoral and professional levels.

By the 1980's, the globalization of the economy was well underway. Local stores increasingly marketed foreign goods. Doing American business increasingly meant doing business with the rest of the world. The international economic element in American life became more of an everyday reality than national-level issues of national security.

Therefore, international education is undergoing a paradigm shift along three fundamental dimensions:

* First, its rationale is moving beyond the earlier predominant emphasis on national security toward a vigorous emphasis on economic change and international competitiveness, with increasing focus on the business curriculum.
* Second, it is edging away from [redacted] Washington [redacted] toward additional centers whose focus is more heavily economic, such as Boston and Seattle, Atlanta and Los Angeles, that is, toward nationwide local interest alongside nation-state national interest.
* Third, it is moving beyond the production of experts, whose supply obviously will continue to be essential to national foreign policy capabilities, and toward general education for informed citizenship and all the professions.

The globalization of the American economy is the second wave pushing internationalization, following global political-military concerns, and it appears to be the larger wave. It is the major reason why attention in international education is shifting from graduate to undergraduate education, and why internationalization has become important not only at institutions educating for international expertise but at higher education institutions generally.

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What Is Happening on the Campuses?

In complement to its survey research, the New England Board of Higher Education undertook a field study to [redacted] ascertain what is and is not happening at 40 colleges and universities, among them institutions of every type. That it found increasing international content and activity at all 40 suggests that internationalization has become one of the most powerful substantive developments in the history of American higher education. Approximately one-fifth of these institutions are involved in aspects of multi-faceted planning of their international dimension, comprehensively considering such elements as curriculum, faculty development, study abroad programs, foreign students, visiting faculty, relationships with foreign institutions, and new programmatic and hierarchical structures. More generally, foreign language study is on the upswing. International courses in the liberal arts have growing enrollments. There is a tremendous increase in student interest in courses pertaining to China and Japan. The number of foreign students is increasing, there is growing participation in study abroad programs, and relationships with foreign institutions are being more strategically planned and becoming more comprehensive. There also is growing student demand for courses in international business.

Yet essentially the surging internationalization on the campuses is weakly connected to the globalization of the economy. As the two movements are essentially on separate, parallel tracks, it can be constructive to contemplate linkage.

In the liberal arts, there are no general introductory courses on the global economy incorporating a business perspective, yet it is a function of the liberal arts to familiarize students with major phenomena and concerns, such as the global economy, which will have impact upon their lives and careers. Most liberal arts students will work for firms. Survey research tells us that designing "an undergraduate curriculum that ensures understanding of a global economy" is an idea whose time has come.

Few business students study a foreign language, and [redacted] rarely is there integration of foreign language and business programs. Although the most vital geographic area study programs, especially those focusing on East Asia, coincide with areas of business dynamism, area study programs rarely include business perspectives and still are offered virtually entirely by the humanities and social science faculties who were the answer to yesteryear's imperative. There are very few internships in international business; surely they are available to far fewer than one percent of those who study abroad. While there is growing interest in international business in the business community, there is very little by way of continuing education or executive development programs in international business. There are shortages of faculty and case materials in international business.

Beyond curriculum, higher education might also consider ways to design mutually beneficial partnerships with business and government to bring to bear the talents [redacted] of higher education as a community resource for expanding international contacts and for consulting, translating, and attracting foreign investment. In the knowledge-based economy, high technology and service firms are attracted to the knowledge centers, graduates and cultural ambience provided by higher education. Yet there probably have been no attempts beyond the Delaware Valley to build international partnerships parallel to the industrial research partnerships between corporations and universities.

There are agendas to be contemplated, and strategic, integrated focus is needed. Yet campus internationalization is otherwise proceeding with gusto.

There are five causes of the ongoing internationalization of higher education, of which economic change is becoming the most powerful. The second is the incorporation of international substance into accreditation standards by the American Assembly of Collegiate Schools of Business and, this year, by the National Council for the Accreditation of Teacher Education. The third is the impetus provided by a series of reports on the quality of undergraduate education from the American Association of State Colleges and Universities, the Association of American Colleges, the National Endowment for the Humanities, the National Institute of Education, and the Carnegie Foundation for the Advancement of Teaching, all of which have called for focus on the international dimension. In complement have come reports from the Business-Higher Education Forum and earlier from the President's Commission on Foreign Language and International Studies. The fourth cause of of the internationalization of the curriculum is the nascent but accelerating internationalization of the academic disciplines; This development at the "grass roots" of academic life complements the thrust of the national reports and shows that internationalization is deeper than a fad. The disciplines are often the gatekeepers of educational change, and the harbingers of changes in the curriculum are new perspectives in the disciplines.

The fifth cause is people: committed new leaders, increasingly internationally minded faculties, and students who increasingly have been abroad and expect their educations to have an international component. In our research in New England,

most institutions cited student consumer interest as a cause of internationalization. The University of Massachusetts, New England's largest public institution, gave us some interesting data based on random sampling: 97% of the students value the university's international development, 95% value the presence of foreign teachers, students and scholars, and 65% have travelled outside of the United States.

Clearly the time is ripe to internationalize the curriculum. The issue is how to do it. There are many approaches, and different ones may be appropriate for different institutions, depending on mission, capabilities, and opportunities. There may also be many objectives, including cross-cultural and geopolitical understanding, with attention to issues of national security and arms control, or understanding the problems of third world economic development. Some may wish to promote understanding of particular aspects of interdependence and to focus on mineral and food resources, the oceans, migration, transnational environmental problems, and international communications systems. One has to decide on objectives as well as approach, i.e. on both ends and means.

The curriculum is important because it is the teaching, with the learner-centered activities, that prepares society to respond to change. The educational sector may or may not be a cause of technological or other changes transforming our country and our future, but it is the great explainer, familiarizing people with things to come, making them acceptable, and preparing the nation for constructive engagement. When education lags, the nation's ability to adapt, to progress, and to compete is impeded. The greater the rate of change in technology and the world around us, the more and the faster education needs to adapt.

The great change today [redacted] is economic. The challenge of the global economy to this country is a challenge to higher education. It is clear that American higher education institutions are not making the appropriate connections between economic change, competitiveness, and international education. It is a need that Justin Morrill [redacted] surely would have found it fitting for our universities to address . It is important now and for the decades ahead that they consider their role in developing the competencies and citizen understanding needed for American participation, prosperity and leadership in the global economy.